

## Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 EUR-25 ADP-00 TRSE-00 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 /144 R

DRAFTED BY EB/ IFD/ ODF: REBENEDICK: DJA

5/18/73 EXT 29426

APPROVED BY EB/ IFD: SWEINTRAUB

AF: RSMITH

USED/ IBRD: HREYNOLDS

TREASURY: EJFINKEL

TREASURY: EGORDON

AF/ W: JBISHOP

AFR/ CWA: AELLIS ( INFO)

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R 182306 Z MAY 73

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

AMEMBASSY ACCRA

C O N F I D E N T I A L STATE 096249

E. O. 11652: GDS

TAGS: GH, EAID, EFIN, IBRD

SUBJ: IBRD HIGHWAY LOAN TO GHANA

1. THE IBRD HAS INDICATED THAT THEY INTEND TO ISSUE AN INVITATION TO THE GOG TO NEGOTIATE A \$13 MILLION HIGH-WAY LOAN IN EXPECTATION OF A FAVORABLE GHANAIAAN RESPONSE TO THE CREDITORS' PROPOSAL.

2. EARLIER THIS WEEK, THE UK EXECUTIVE DIRECTOR INFORMED US THAT HE HAD RECEIVED INSTRUCTIONS FROM LONDON TO CONVEY TO THE BANK THE BRITISH CONCERN THAT GOING FORWARD WITH THIS LOAN NOW RAN THE RISK OF PROVOKING A CONFRONTATION IN  
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THE BOARD OF DIRECTORS, SINCE HMG COULD NOT VOTE FOR THE LOAN IN THE ABSENCE OF A FAVORABLE GHANAIAN RESPONSE TO THE CREDITORS' COMMUNIQUE. HOWEVER, FOLLOWING CONSULTATION BETWEEN USG OFFICIALS, BANK STAFF, AND THE UK EXECUTIVE DIRECTOR, BANK FELT THAT DELAYING THE INVITATION TO NEGOTIATE COULD CAUSE AN ADVERSE GOG REACTION, WHICH COULD DIMINISH PROSPECTS OF A FAVORABLE OUTCOME TO THE DEBT NEGOTIATIONS. WE SUPPORTED THIS JUDGMENT-MOREOVER, BANK STAFF (CHAUFURNIER), ON THE BASIS OF PRIVATE CONVERSATIONS WITH GOG, BELIEVES THAT THE CHANCES ARE GOOD FOR A POSITIVE RESPONSE TO THE CREDITORS' COMMUNIQUE, ESPECIALLY IN LIGHT OF MCNAMARA'S PERSONAL INTERVENTION. ACCORDING TO UK EXECUTIVE DIRECTOR, A FAVORABLE RESPONSE BY GOG COULD INVOLVE AGREEING TO MEET WITH THE CREDITORS OR SOME ACCEPTABLE COUNTER- PROPOSAL; IN EITHER CASE, THE UK COULD THEN SUPPORT THE HIGHWAY LOAN WHEN IT COMES BEFORE THE BOARD OF DIRECTORS.

3. THE IBRD BELIEVES THAT IN THE NORMAL COURSE OF NEGOTIATIONS, THE LOAN WOULD NOT COME BEFORE THE BOARD UNTIL JULY. MOREOVER, AFTER DISCUSSIONS WITH UK AND US, THE BANK STAFF AGREES ON THE UNDESIRABILITY OF ACTUALLY BRINGING THE LOAN BEFORE THE BOARD IF GHANA HAS NOT REPLIED FAVORABLY. BANK HAS DECIDED TO INVITE GOG NEXT WEEK TO SEND TEAM TO NEGOTIATE LOAN. IN SO DOING, BANK WILL FRANKLY STATE THAT IT ASSUMES GOG WILL HAVE REPLIED IN SOME FAVORABLE FASHION TO CREDITORS BEFORE THIS LOAN COMES BEFORE IBRD BOARD. THIS WILL, CHAUFURNIER BELIEVES, PRECLUDE ANY LATER MISUNDERSTANDINGS OR CHARGES BY GOG OF BANK OR CREDITORS FOOTDRAGGING.

4. ABOVE IS FYI ONLY. WE ARE CONCERNED THAT GOG NOT RECEIVE THE IMPRESSION THAT ANY ATTEMPT HAS BEEN MADE TO DELAY THE HIGHWAY LOAN. AS YOU KNOW, US AND UK HAVE AN AGREEMENT FOR CONTINUING CONSULTATION ON A BROAD RANGE OF DEBT AND INVESTMENT ISSUES, INCLUDING THE GHANA SITUATION. UK EXECUTIVE DIRECTOR EXPRESSED SATISFACTION WITH US ROLE THIS WEEK IN DISCUSSIONS WITH IBRD ON THE HIGHWAY LOAN STRATEGY. RUSH

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